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China Report

ECONOMIC AFFAIRS

No. 240

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ECONOMIC PLANNING

SHANGHAI COMMUNIQUE ON 1981 ECONOMIC, SOCIAL PLAN

OW040500 Shanghai JIEFANG RIBAO in Chinese 27 May 82 p 2

[Shanghai Municipal Statistical Bureau's communique dated 26 May 1982 on fulfillment of the 1981 Municipal Economic and Social Development Plan]

[Text] In 1981 the people of the municipality worked strenuously with one mind under the leadership of the CCP Central Committee, the State Counci, the Shanghai Municipal CCP Committee and the Shanghai Municipal Government and scored new achievements in implementing the principle of further economic readjustment and political stability and the guidelines set in the "Resolution on Certain Questions in the History of our Party Since the Founding of the PRC." Economic construction continued to progress steadily in the course of readjustment. Total value of annual industrial and agricultural output, calculated with 1970 constant prices as the base, was 67.6 billion yuan (the amount was 64.2 billion yuan if calculated with the 1980 constant prices as the base), up by 3.7 percent compared with the preceding year. Preliminary estimate of the people's income is 29.2 billion yuan, which, calculated with constant prices as the base, was up by about 4 percent. The people's living standard continued to improve on the basis of the development of production.

1. Industry

In 1981, industrial production increased at a steady rate in the course of readjustment, Calculated at the 1970 constant prices, the total annual output value of industry was 64.8 billion yuan (it was 60.9 billion yuan if calculated at 1980 constant prices), up by 3.3 percent compared with the preceding year. The increase was more than the targeted growth rate of 3 percent. Of the 77 major products in the state plan, output targets were reached or surpassed for 63 products, including steel, rolled steel, sulfuric acid, caustic soda, plastics, ethylene, cement, television sets, bicycles, wristwatches, cotton yarn, cotton cloth, machine-made paper and cardboard. Output targets for electricity, calcium carbide, internal combustion engines, motor vehicles, artificial wood board and nine other products were not reached. Compared with the preceding year, the output of 48 products increased, while that of 29 declined.

In 1981, further efforts were made to readjust the internal structure of industry and to continue speed up the production of consumer goods for daily use. Calculated at 1970 constant prices, the annual light industry output value was 36.2 billion yuan, showing a 9.6 percent increase over the preceding year. The proportion of the light industry output value in total industrial output value increased from 52.6 percent in 1980 to 55.9 percent in 1981. Of the 30 major light industry products listed in the state plan, output targets were met or surpassed for 28 products. Output value of 22 consumer goods in 17 major categories which were in large demand on market, such as bicycles, dewing machines, wristwatches, television sets, radios, cameras, woolen piece goods, furniture and leather shoes, showed a 26.3 percent increase over the preceding year.

Output of major light industrial products follows:

	1981 output	% increase over 1980
Cotton yarn	398,000 dun	4.1
Cotton cloth	1.67 billion meters	3.0
Chemical fiber	157,000 dun	3.3
of which: synthetic fiber	129,000 dun	4.5
Woolen piece goods	32.74 million meters	7.6
Silk textiles	123.38 million meters	12.2
Knitting wool	18,271 dun	36.9
Cigarettes	828,000 boxes	0.6
Beer	27,000 dun	9.1
Chemicals	5,096 dun	-17.6
Detergents	70,500 dun	5.7
Bicycles	4.1 million	9.1
Sewing machines	2.41 million	6.6
Wristwatches	9.3 million	13.9
Television sets	1.2 million	59.3
Radios	6.88 million	65.8
Cameras	269,000	30.0
Washing machines for household use	38,000	3.7 times
Refrigerators for household use	4,784	13.5
Electric fans	1.5 million	37.4
Light bulbs	150 million	15.9
Machine-made paper and cardboard	310,000 dun	4.7

In 1981, because of the drastic reduction of capital construction investment by the state, plans were made to reduce the production of many heavy industrial products. Calculated at 1970 constant prices, total annual output value of heavy industry was 28.6 billion yuan, a 3.8 percent decline from the preceding year's level. Of the 47 heavy industrial products listed in the plan, output targets were met or surpassed for 35 products, while 21 of them showed declined output compared with the preceding year.

To meet the needs of economic readjustment, the heavy industrial departments made active efforts to change their service orientation, readjust product mix and increased the output of urgently needed products which were in short supply. Output of steel strips and thin steel plate required for making household mechanical and electrical appliances increased by 12.3 percent and 8.7 percent respectively. Output of cationic and dispersable high-grade dyes requested by the textile industry went up by 66.9 percent and 18.3 percent respectively. The machine-building industry also turned out more equipment to meet the needs of technical transformation in light and textile industries. Output of machines for the plastics industry increased 90.6 percent, machines for food processing increased 42.4 percent and machines for making chemical products for daily use increased 12.6 percent. The varieties of exported machinery and equipment increased to 300, while the total export value was 23 percent more than the preceding year.

Output of major heavy industrial products follows:

	1981 Output	% increase over 1980
Steel	5.06 million dun	-2.9
Rolled Steel	4.07 million dun	-1.3
Electric power	20.5 billion KWH	-0.8
Coke (made by machine)	2.24 million dun	-1.0
Cement	2.01 million dun	7.7
Plate glass	1.87 million standard boxes	12.8
Sulfuric acid	365,000 dun	-5.8
Caustic soda	234,000 dun	-2.5
Chemical fertilizers (calculated on 100 % basis)	162,000 dun	-1.4
Chemical pesticides	20,000 dun	-15.6
Ethylene	138,000 dun	1.8
Plastics	151,000 dun	3.3
Calcium carbide (adjusted quantity)	72,000 dun	-4.3
Synthetic rubber	13,000 dun	2.9
Tires	1.545 million	-11.6
Power-generating equipment	250,000 KW	-57.0
Machine tools	17,000 sets	1.7
Motor vehicles	6,497	-55.7
Tractors	8,196	-43.0
Internal combustion engines (sold as commodities)	2.68 million HP	-35.5
Steel ships for civilian use	206,000 dun	19.6

In 1981 all sectors of the industry tried to improve product quality and increase product varieties and designs in the course of readjustment. Approximately 30,000 new products, new product specifications and new designs were trial produced or put into regular production during the year. Quality of most products showed improvement. The number of products receiving high-quality awards by the state and high-quality certificates issued by the municipality came to a total of 466. Due to the readjustment of product mix and further strengthening of energy management, the energy consumption for every 100 million yuan of industrial output was cut down by 3.3 percent. This was equivalent to a saving of 650,000 dun of standard coal.

In 1981, while continued efforts were made to readjust the organizational structure of enterprises in various industrial sectors, 10 machinery plants were converted to make light industrial products. At the same time, the Gaoqiao Petrochemical Joint Corporation, which was an enterprise involving different sectors of industry, and a handerchief corporation, which was engaged in both manufacturing and trading, were established. Various forms of economic responsibility systems were implemented on a trial basis by industrial enterprises. However, the main problems of industrial production were that little progress was made in technical transformation, that some enterprises were poorly managed and that the situation of poor economic results was not quickly changed. In 1981, labor productivity of industrial enterprises owned by the whole people was 28,983 yuan, a decline of 1.6 percent from the preceding year. The quality of one-quarter of products was poorer than the preceding year. Of the 210 products in a nationwide quality contest, one-third showed poorer quality than those made in other localities. As regards the 120 indices for testing material and energy consumption rates for making a unit of product, one-third of the products made in the municipality showed increased rates. The industrial enterprises owned by the whole people failed to meet the requirement of reduced production costs. In some enterprises, production costs were more than the budget figures, while a few enterprises suffered losses.

2. Agriculture

In 1981, the suburban countries of our municipality were hit by typhoons, floods, rainy weather, low temperature and other natural disasters. Despite this, we achieved fairly good results in agricultural production. Credit goes to the fact that 97 percent of our production teams enforced the system of production responsibility in various forms, which aroused the initiatives of the vast numbers of peasants for production. Total value of agricultural output, calculated at 1970 constant prices, was 2.84 billion yuan, 14.8 percent above that of 1980 (the total output value was 3.37 billion yuan or 13.4 percent above, if calculated at 1980 constant prices). Of this, farm (crops) output value grew by 3.4 percent while sideline production rose by 23.2 percent (of this, the total output value of industries run by production brigades and teams was up 19.7 percent).

As regards the output of major farm products, the total output of grain was slightly less than the previous year's level, mainly as a result of the reduction of grain crops by over 200,000 mu in order to grow more cotton and oil-bearing crops. However, the average per mu yield of grain crops grew by 7.8 percent to 1,324 jin. Because of the natural disasters, the output of cotton declined despite a 13.6 percent increase in area. The output of rapeseeds increased by a big margin. Vegetables, pork, eggs, milk and other nonstaple food items all reported increase in output by various degrees over the previous year. The output of aquatic products was below the previous year level.

Output of the major farm products (including those produced by commune members themselves) follows:

	1981 output	% increase over 1980
Grain	1,854,000 tons	-0.8
of which:		
Rice	1,251,000 tons	7.3
Wheat	463,000 tons	-14.8
Cotton	74,000 tons	-2.5
Rapeseed	147,000 tons	53.0
Vegetable	1,159,000 tons	3.0
Pork, beef and mutton	170,000 tons	0.4
of which:		
Pork	169,000 tons	0.8
Hogs in stock at yearend	2,662,000 head	2.0
Hogs raised in 1981	5,972,000 head	-2.4
Milk	81,000 tons	10.9
Aquatic products	190,000 tons	-6.9
of which:		
Sea water products	171,000 tons	-7.6
Fresh water products	19,000 tons	0.4

The number of large and medium-sized farm tractors in 1981 was 7,656, an increase of 337. The number of hand tractors was 32,516, an increase of 947. The power-driven irrigation and drainage equipment for farm use totaled 357,500 HP, an increase of 20,000 HP over 1980. The number of motor vehicles for farm transportation reached 5,458, an in crease of 561. A total of 4.78 million mu of fields, or 90.4 percent of the total farmland area, was plowed by tractors in 1981, an increase of 2.4 percent. Some 5.2 million mu, or 98.4 percent of the total area, was irrigated by power-driven equipment, a decrease of 0.7 percent. A total of 170,000 tons of chemical fertilizer was applied on farms in 1981, approaching the previous year's level. Shanghai's rural area used 1.37 billion kwh of electricity, up 11.7 percent.

3. Capital construction

In 1981, 915 capital construction projects were undertaken, of which 293 were all completed and put into operation (including 5 large and medium-sized projects), and 197 were partially completed and put into operation (including 4 large and medium-sized projects). Newly added production capacity by these projects mainly consists of: 1.6 million 12-inch black-and-white picture tubes per year; 50,000 telephone exchanges per year; 136,000 tons of water supply per day; 17,000 tons of sewage treatment capacity per day; 270,000 tons of cargo-handling capacity at 12 newly built or expanded berths in port; 24,000 tons of cold storage capacity for meats and aquatic products; 95,000 square meters of floor space in houses for commercial, catering and service outlets; 285,000 square meters of floor space in buildings completed for universities and colleges, adding 16,000 seats; 106,000 square meters of floor space in buildings completed for middle and primary schools adding, 32,000 seats; and 1,174 hospital beds. In addition, construction of the Shanghai acrobatic stadium and the Huangpu district stadium were completed and made available to users, and water-drainage works in Lingshi, Changbai and Wujiaochang areas were completed and put to use. The length of the city's water supply lines increased by 85 km over the previous year; the length of gas pipelines increased by 72 km; 5 new routes with a total length of 62 km were added to the public transport system; and the public transport departments added 255 new vehicles.

In 1981, total investment in capital construction in state-owned units in the city was 3.08 billion yuan, a 19.7 percent increase over the previous year. Of this total, 2 billion yuan was invested in the Baoshan Iron and Steel Complex and the second stage construction of the Shanghai Petrochemical Complex, an increase of 26.2 percent, and 1.98 billion yuan was invested in other projects, an increase of 9.2 percent.

The investment orientation was further readjusted in 1981. Of the total investment in capital construction, investment for productive use was 2.34 billion yuan, and the proportion dropped from 79.7 percent in 1980 to 76 percent. Of the investment in industry, the proportion for light industry continued to increase from 6.2 percent in 1980 to 11.7 percent. The investment in nonproductive construction to improve the people's material and cultural life was 740 million yuan, the proportion rising from 20.3 percent in 1980 to 24 percent, and, deducting the investment in the Baoshan Iron and Steel Complex and the Shanghai Petrochemical Complex, the proportion rose from 40.4 percent in 1980 to 58.3 percent. Of the investment in nonproductive construction, the proportion for housing construction increased from 61.3 percent in 1980 to 67.1 percent.

In 1981, new fixed assets turned over to state-owned units in the city through capital construction were valued at 940 million yuan, and the rate of availability of such assets was 30.4 percent (excepting the Baoshan Iron and Steel Complex and the Shanghai Petrochemical Complex, the rate of availability of fixed assets for all other projects was 79.4 percent). Buildings completed in 1981 (including factory buildings and homes) totaled 3,992,000 square meters in floor space, an increase of 8.1 percent over the previous year.

In 1981, 3,362 capital investment projects [zi jin cuo shi xiang mu 6327 6855 2238 2457 7309 4158] of various kinds, costing 50,000 yuan or more each, were undertaken by state-owned units in the city, and 1,531 or 45.5 percent of these projects were completed and put into operation. The investment in these projects was 1.12 billion yuan in 1981, equivalent to 36.3 percent of the year's total investment in capital construction. Among the various kinds of capital investment projects, the investments in light industry and urban public utilities increased by 51.9 percent and 43.2 percent, respectively, over the previous year. Nex fixed assets added by various capital investment projects were valued at 810 million yuan, an increase of 15.8 percent over the previous year, and the rate of availability was 72.6 percent, higher than in 1980.

In 1981, housing construction continued to apply the principle of combining construction under unified state plan and construction by various units themselves. Through many channels such as state appropriations, investments under various measures and funds raised by collectives, a total of 560 million yuan was invested in housing construction in 1981, showing an increase of 29.3 percent over the previous year. New homes completed in the city in 1981 totaled 2,976,000 square meters in floor space, an increase of 3.5 percent over the previous year (Note 1). Of this total, houses built under unified state plan had a floor space of 1,007,000 square meters, or 23.7 percent less than in 1980, and houses built by various units on their own had a floor space of 1,969,000 square meters, or 26.5 percent more than in 1980.

In 1981, the proportion of unfinished capital construction projects went up. Owing to rather big shortages in building materials and construction manpower, the rate of completion of various kinds of capital investment projects was rather poor.

4. Transport, posts and telecommunications

In 1981, the total freight volume handled by various means of transportation in the city was 154.7 billion ton-km, up 4.1 percent over 1980. Of this, the volume of railway freight transport was 8.65 billion ton-km, 0.7 percent lower than the previous year; the volume of waterway cargo transport (including sea transportation, Changjiang River and inland waterways) was 145.2 billion ton-km, up 4.4 percent; and the volume of road freight transport by local transport departments was 830 million ton-kwm, up 4.4 percent. The volume of cargo handled at the Shanghai port was 83.35 million tons, 1.7 percent lower than the previous year.

In 1981, the volume of passenger transportation by all means reached 25.32 person-times, up 6.9 percent over the previous year. Of this, the volume of passenger transportation handled by Shanghai's railway stations was 18.05 million person-times, a 6.7 percent increase; the volume of passenger transportation handled by the Shanghai port was 4.81 million person-times, up 7.8 percent; road passenger transportation volume was 2.09 million person-times, up 4.5 percent; and air passenger traffic volume was 370,000 person-times, a 19.4 percent increase.

In 1981, the volume of passenger traffic inside the city by public transportation means was 3.68 billion person-times, an 8.1 percent increase over the previous year. The average daily passenger traffic volume was 10.09 million person-times, and the highest daily passenger traffic volume was 11.54 million person-times. In 1981, through continued efforts to strengthen traffic ofder, readjusting routes and stops, separating fast and slow traffic lanes and staggering the work hours, the crowded state of city traffic was eased somewhat.

In 1981, post and telecommunications transactions for the whole city were 67.53 million yuan in terms of 1970 constant prices, a 4.4 percent increase over the previous year. There was a 0.7 percent increase for letters, a 17.7 percent increase for the distribution of newspapers and magazines, a 2.7 percent increase for telegrams, a 2.9 percent increase for long-distance telephone calls, and a 5.5 percent increase for local telephone calls.

In 1981, coal consumption by steam locomotives of the Shanghai railway sub-bureau per 10,000 ton-km was the same as in the previous year, and fuel consumption by diesel locomotives per 10,000 ton-km was 4.4 percent lower than the previous year. Gasoline and diesel oil consumption by trucks per 100 ton-km also decreased somewhat.

5. Domestic trade

In 1981, the market was flourishing, and there were brisk buying and selling. The total value of commodities purchased by state-owned commercial departments in the city reached 16.86 billion yuan, topping the previous year by 8.4 percent. This included 15.64 billion yuan worth of manufactured goods, an increase of 8.9 percent over 1980, and 1.22 billion yuan worth of farm produce and sideline products, an increase of 2.5 percent. The total value of commodities brought in from other parts of the country was 4.53 billion yuan, an increase of 18.2 percent over the previous year. Of this, the value of farm produce and sideline products brought in was 1.98 billion yuan, an increase of 47.5 percent.

In 1981, the city's total value of retail sales was 9.37 billion yuan, an 8.5 percent increase over 1980 (Note 2). This included 7.88 billion yuan for consumer goods supplied to residents, an increase of 9.4 percent. Compared with the 1980 retail sales of commodities respectively by uses, the sale of food items went up 11.4 percent, items of clothing went up 7.7 percent, and goods for daily use increased 9 percent. Of the main staple and nonstaple food sales, the sale of grain went up 11.5 percent, edible oil went up 26.5 percent, pork went up 11.4 percent, poultry went up 2.1 percent, fresh vegetables went up 7.3 percent, aquatic products dropped 2.6 percent, and fresh eggs dropped 1.9 percent. Among the major manufactured consumer goods, high-grade large commodities continued to be in great demand, and the number of commodities in short supply or unavilable decreased somewhat. Compared with the previous year, the sale of cameras went up 70.6 percent, bicycles 39.5 percent, sewing machines 19.3 percent, television sets 20.7 percent, cassette recorders 26.7 percent, chemical-fiber fabrics 28.7 percent, woolen fabrics 20.5 percent, knitting wool 18.5 percent, and cotton cloth, silks and satins, knitted underwear and cigarettes to varying degrees; while blend polyester-cotton fabrics, electric fans, radio receivers, wristwatches, soaps, leather shoes and so forth sold less than the previous year.

The total volume of transaction of farm produce and sideline products made at country fair reached 200 million yuan, topping 1980 by 67.6 percent.

The total value of manufactured goods delivered by the municipality's state-owned commercial departments to other localities was 11.42 billion yuan, a 6.9 percent increase over 1980.

By the end of 1981, the state-owned commercial departments had 12.6 percent more goods in stock than at the end of 1980.

Generally speaking, the source of goods increased and market supply was basically stable in 1981. However, there still existed a gap between the demand and goods available. Especially some famous brand consumer goods were in short supply while the design, variety and specifications of some other goods could not satisfy the consumer's needs. Inferior quality and high price caused the poor sale and overstocking of these goods. Some nonstaple foods were still in short supply. The supply of vegetables on the market was not even and stable and their variety was insufficient.

Calculated according to the average prices for the year, the overall level of retail prices (including state listed prices, negotiated prices and prices on the rural market) was 1.1 percent over 1980. Following the raising of the price of cigarettes and alcoholic drinks and the reducing of the price of chemical fibre in November 1981, there was a 3.3 percent increase in the overall level of retail prices in December.

In the fluctuations of state listed retail prices throughout the year, the price of food as a whole rose 1.1 percent, including 5 percent increase for vegetables, 3.3 percent increase for aquatic products, 4.7 percent increase for cigarettes, alcoholic drinks and tea, 7 percent increase for fruits and 5.2 percent decrease for pork; clothing dropped 0.5 percent, including 1.3 percent decrease for chemical fibre and 0.9 percent decrease for knit goods; daily necessities dropped 0.5 percent and commodities for cultural and recreational activities increased 0.3 percent; pharmaceuticals dropped 3.8 percent, including 4.8 percent increase for Chinese medicine and 7.9 percent decrease for Western medicine; and the price of fuel remained at the same level as in 1980.

6. Foreign trade, tourism

The total value of the goods procured for exports in 1981 increased 7.6 percent. Due to the increase of exports by inland provinces and regions as a result of reform in foreign trade system, the total value of exports delivered to Shanghai from other provinces decreased considerably.

The total value of exports handled by Shanghai port was 6.76 billion yuan, a 10.4 percent decrease if price and foreign exchange fluctuations are excluded. In the export trade, the exports of special products related to farm produce and sideline products such as grain, edible oil, foods, animal products, tea, native products and silk decreased, while such light and textile industrial products as polyester and cotton blend fabric, man-made cotton cloth, clothings, bicycles, sewing machines, thermos and enamelware increased by big margins. As a result of the change in the structure of export goods, the proportion of farm produce and sideline products exported dropped from 26.4 percent in the previous year to 22.2 percent, while light and textile industrial products rose from 54.5 to 57.7 percent and heavy industrial products from 19.1 to 20.1 percent.

A total of 369,000 foreigners, overseas Chinese and compatriots from Hong Kong, Macao and Taiwan, coming from 154 countries and regions, visited Shanghai in 1981, a 18.4 percent increase over the previous year. Annual foreign exchange income was 165 million yuan, 28 percent increase over 1980.

7. Science, technology, education and culture

Further implementing the policy of serving the economic construction, Shanghai completed 559 projects of major research in science and technology in 1981, of which 70 percent had already been applied to the production. Some gratifying achievements were made in the research of basic theory. Especially the synthesizing of yeast alanine transfer-ribonucleic acid is of advanced world level. The contingent of scientific and technical personnel was expanded with a total of 352,000 scientists and technicians working in the state-owned units, topping the previous year by 21,000 and including 263,000 in natural science fields and 89,000 in social science fields.

Thanks to the continued implementation of the readjustment policy, the quality and quantity of education was raised. Enrollment in institutions of higher learning was 91,000 or 14,000 more than the previous year and a record figure. In addition, there were 2,003 research students living in school dormitories. To cope with decreasing number of middle and primary school students, the distribution of schools was readjusted and reform of secondary education was continued at selected schools through the offering of vocational classes and secondary technical classes. Enrollment in secondary technical schools was 29,000 or 1,300 more than 1980; in technical schools, 55,000 or 4,000 less; in regular secondary schools, 499,000, or 128,000 less; in primary schools, 832,000, a drop of 23,000; in kindergartens, 285,000, 22,000 more than 1980. Enrollment in spare-time schools for workers and peasants was 629,000, including 103,000 in TV colleges and other institutions of higher learning, 467,000 in secondary spare-time schools for workers and peasants, 40,000 in primary schools and 18,000 in colleges for advanced studies for secondary and primary school teachers.

The propaganda and cultural departments scored new achievements in promoting the building of spiritual civilization and enriching the people's cultural life. A total of 17 story movies were made in 1981. Among them, "Xi Lin Men [A House Filled With Happiness"] and other movies won favorable response from the audience. The number of film project units came to 804; performing art troupe, 49; cultural centers, 23; public libraries, 23; museums and memorial halls, 7. There were one radio station, 4 launching stations [fa she tai 4099 1410 0669], one TV station and 2 TV centers. A total of 1.03 billion copies of newspapers, 220 million copies of magazines of all kinds and 600 million copies of books and pictures were published in 1981, showing an increase of 20.2, 66.5 and 7 percent, respectively, over the previous year.

8. Public health and sports

New progress was made in the municipality's public health undertakings in 1981. The number of professional health workers totaled 96,000, 1,600 more than 1980. This included 7,000 doctors of traditional Chinese medicine, 18,000 registered doctors of Western medicine, 19,000 assistant doctors of Western medicine and 22,000 registered nurses and nurses. The total number of hospital beds in the municipality reached 50,000, an increase of 550. In medical and public health work, efforts were made to prevent diseases and raise the quality of treatment. Along with the deepening of the patriotic health campaign, environmental sanitation was improved and incidence of contagious diseases declined markedly.

In 1981, the municipality held a total of 620 sports meets at and above district and county level. A large number of athletes scored outstanding records in competitions at home and abroad. Athletes from the municipality won 8 world championships and broke 1 world record, 2 Asian records, 13 national records and 56 municipal records. Mass sports activities were carried out on an extensive scale and 223,000 persons reached the "national physical training standard."

9. People's livelihood

The year 1981 saw a continued improvement in the people's living standards both in cities and the countryside. In 1981, a total of 264,000 people in the municipality were given jobs, including young people awaiting jobs and other categories of people who were covered by the state job assignment program. Of these, 195,000 were in state-run establishments and 69,000 were in collective establishments. By the end of the year, the number of workers and staff members in state-run and urban collective units came to 4,645,000, 176,000 or 3.9 percent more than a year before. Of these, 3,638,000 were in state-run establishments, 119,000 more than the previous year; 1,007,000 were in collective establishments in cities and towns, an increase of 57,000. In addition, individual workers in cities and towns reached 13,500, 1,800 or 15.4 percent more than the previous year.

With more people employed, the number of people in the municipality that each worker had to support (including the worker himself) dropped from 1.63 in 1980 to 1.57 accordingly.

Owing to the increase of the number of workers and staff members and wage readjustment in some collective units, the annual wages of workers and staff members in the municipality totaled 3,960 million yuan, a rise of 150 million yuan or 3.9 percent over 1980. The total for state-employed workers was 3,240 million yuan, 2.6 percent more, and for collectively employed workers was 720 million yuan, an increase of 10.2 percent. The average annual money wage was 870 yuan (190 yuan for state-employed workers and 727 yuan for collectively employed workers), 0.4 percent more than in the previous year. The slight increase in the average money wage was due mainly to the retirement of old workers and the influx of new workers. According to a sample survey of 500 households of workers and staff members in the municipality, the average income, that could be spent as living expenses in 1981, was 589 yuan per capita. Deducting the 1.4 percent rise in the cost-of-living index from this, average real income per capita still increased slightly over the previous year.

In 1981 the suburban counties saw another fairly big improvement in the livelihood of the peasants. The year's net income for their rural people's communes, production brigades and production teams totaled 2.25 billion yuan, an 8.5 percent increase over the previous year. The average income each commune member obtained from the collective was 288 yuan, which was 10 yuan more than in the previous year, or an increase of 3.6 percent. According to a sample survey of the incomes and expenses of 361 of the commune member households in the suburban counties, the 1981 per capita net income realized from sideline occupations by the commune member households toppled the year before by 26.3 percent. This, plus the income distributed by the collective, brought the year's per capita net income to 444 yuan, an increase of 42 yuan or 10.4 percent compared with the year before.

Savings deposits of all urban and suburban residents in the municipality reached 3.29 billion yuan by the end of 1981, a growth of 9 percent as compared to the end of the previous year.

The existing major problems with regard to the people's livelihood area: some urban residents still face very keen shortages in living quarters; the living standard of some residents has been affected to a certain extent due to price rises plus the fact that no additional family member found employment; urban public transport facilities are crowded; further improvement is needed in the situation of pollution by waste gas, waste water and industrial residue.

10. Population

By the end of 1981, total population of the municipality was 11.628 million, which was an increase of 165,000, or 1.4 percent, from the end of the previous year. Of this, urban population numbered 6.134 million, representing an increase of 121,000 people, or 2 percent.

Since the number of young people getting married has increased in recent years, the 1981 birthrate and natural population growth rate climbed back a little as compared with the previous year. In 1981, the birthrate of the municipality as a whole was 16.8 per thousand and the death rate 6.5 per thousand, with the natural growth rate reaching 10.3 per thousand. In 1981, the number of couples practicing planned parenthood in the municipality reached 92.7 percent. The number of couples certified as one-child families reached 86.2 percent, a growth of 11.6 percent as compared with the year before.

Note 1: The total floor space of completed homes is calculated on the basis of those homes completed and ready for occupancy.

Note 2: The 1981 total value of retail sales listed here does not include the figure of means of agricultural production sold to commune enterprises and institutions.

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ECONOMIC MANAGEMENT

'JINGJI GUANLI' ON SHANGHAI BUREAU MANAGEMENT

HK020718 Beijing JINGJI GUANLI in Chinese No 4, 15 Apr 82 pp 8-11

[Article by Shanghai Municipal First Bureau of Mechanical and Electrical Industry: "Practice of Extending the Sphere of Service and Improving Management by Shanghai's First System of Mechanical and Electrical Industry"]

[Text] In 1981, under conditions in which planned production assignments were in severe shortage, Shanghai's first mechanical and electrical industrial system, relying on guidance by state plans and giving full play to the subsidiary role of regulation by market mechanism, actively readjusted its service orientation, extended its service sphere, carried out a diversified operation, broadened method of production and strived for increased production output and returns, thus achieving considerable economic results. This year, the gross industrial output value created by the whole bureau was 5,060 million yuan, exceeding the target--5,000 yuan. Of this, 4,430 million yuan was the output value attributed to the first mechanical department, 14 percent down from that in 1980. After deducting the effects of product price decrease and raw material price increase, the profit was 1,190 million yuan. The profits achieved by Shanghai's first mechanical system amounted to 35 percent of the profits by this system of the whole country. In spite of severe shortage of production assignments and decrease in profits, none of 368 enterprises owned by the whole people in this bureau has incurred a loss for the last 5 years. Shanghai's First Bureau of Mechanical and Electrical Industry has made efforts to extend the service sphere and improve management.

I. Readjust Product Ranges, Extend Service Sphere, Supply New Equipment for Technical Transformation in the National Economy With Great Efforts

In early 1981, the mechanical and electrical industry faced a grave dearth of production assignments with a slow shift of service orientation in the first half of the year. When inspecting work in Shanghai, Premier Zhao Ziyang pointed out that a constant growth should be maintained during the economic readjustment and economic results must be taken into account. In accordance with this instruction, the Shanghai Municipal CCP Committee decided that Shanghai had to ensure a 3 percent growth in 1981. This was a requirement of the overall interests. In line with the specific conditions of the subordinate companies, Shanghai's First Mechanical and Electrical Industrial Bureau tried by all means to take more production assignments, resolutely accomplished the output value plan of 5,000 million yuan and attained the profit target of 1,150 million yuan. Leading cadres at all levels went deeply among the masses in order to mobilize them and effectively fulfilled their tasks, thus effecting a great change in the situation. Many large-scale backbone enterprises continued to set aside their own interests, undertook, on their own initiative, the assignments of producing what was urgently needed by the state and light industry and invigorated production with great efforts. Medium-sized and small enterprises readjusted their service orientation at a more rapid pace, their prospects for serving light industry thus becoming even broader. All this is mainly reflected in the following aspects:

1. Actively trial-produce new products and reform old products in order to conserve energy. Many enterprises have paid attention to improving old products which consume too much energy, and started to develop new products with lower energy consumption, resulting in a reduction in the "three wastes." According to incomplete statistics, the whole bureau renovated and developed 85 types of energy-saving products in 1981. For example, the energy consumption rate of transformers made by the Shanghai transformer plant has been reduced by 20 percent, with efficiency raised by 3 percent. Electric stoves produced by the Shanghai electric stove plant of 3 ranges and 11 specifications have been improved by reducing power consumption by 20 percent and increasing heating efficiency by 80 percent. Calculated on the basis of 50 kilowatt per stove, 22 thousand kilowatt-hours of power can be saved per year. This plant has supplied 105 power-conserving stoves to its customers. The Shanghai pump plant has developed a new centrifugal pump with 10 specifications with an average of 4 percent increase in efficiency. In 1981, they trial-produced 1,393 of these pumps. If each pump is used for an average 1,500 hours per year, 5.9 million kilowatt-hours of power can be saved.

2. Actively supply old enterprises with efficient special equipment and production lines for the technical transformation. Since the end of 1980, this bureau has actively supplied all trades with equipment for their technical transformation, in line with customers' demands and market needs. Sifang, Xinjian and 13 other factories have supplied over 200 small chemical fertilizer plants throughout the country with 8,200 mechanical or electrical machines with a gross weight of over 13 thousand tons for their technical transformation, thus improving the economic results. Xinjian machinery plant and Shanghai heavy machinery plant actively helped small cement factories to carry out innovation. Compared with an old kiln, a new kiln provided by Xinjiang machinery plant can increase daily output from 63 tons to 106 tons with a 5 percent reduction of coal consumption; the cement produced by the new kilns is upgraded from No 400 to No 500. In 1981, the whole bureau developed 85 kinds of new special equipment for light, textile and other trades, of which, 36 kinds have been delivered to customers. They also supplied equipment for the shoemaking and match-producing trades.

3. Increase the production of short-term and readily marketable products to meet the needs of all fields in society. The concrete measures to be carried out are: Expand production capacity in those enterprises with sufficient production assignments and products meeting demands by means of

tapping potentials, reforming technology, conducting coordinated and integrated operations with other enterprises; actively develop the second and the third categories of products and varied products in those enterprises with a correct product orientation but temporarily insufficient production assignments in line with the principle of keeping structure and technology in line, changing production from single products to diversified varieties; shift production to short-term products and products meeting market needs in those enterprises formerly producing long-term products and with a weaker competitive force. In 1981, this bureau arranged 106 types of short-term and readily marketable products and thus created an output value of 940 million yuan, amounting to 18 percent of the gross output value of the whole bureau.

4. Actively develop some durable consumer goods to satisfy the people's needs in their lives. Twenty-three enterprises in this bureau made use of their surplus production capacity to produce daily-use mechanical and electrical products which can be directly entered into markets. These products are mainly electric fans, light motorcycles, washing machines, family air-conditioners, small electric meters, bakelite electric appliances, locks, metal folding chairs, magnifying screens for TV sets and so on, totaling 67 varieties. The production of these products created an output value of 460 million yuan in 1981, amounting to 9.3 percent of the gross output value of the whole bureau. Furthermore, another 26 factories made use of their surplus production capacity to serve light industry and actively undertook the work of carrying out technological cooperation.

5. Create a new product range for export, thus continuously increasing the gross volume of export. Many companies and enterprises treated expanding the export of mechanical and electrical products as an important task in implementing the policy of readjustment. They adopted flexible and diversified forms, broadly opened channels and actively expanded export items. The quality of straight-twist drills produced by the Shanghai tool plant was continuously improved, with an export volume of 11 million pieces in 1980 and an increased volume of over 13 million pieces in 1981. The foreign exchange return from this item was U.S.$4 million. In 1981 the Shanghai machine tool factory exported 168 machine tools of 17 varieties to 18 countries and areas, thus yielding over U.S.$2 million in foreign exchange. Since 1980, the whole bureau has developed more than 50 new varieties for export, thus changing the export makeup of mechanical and electrical products.

II. Develop New Varieties, Improve Quality, Strengthen the Adaptability and Competitive Force of Mechanical and Electrical Products With Great Efforts

In 1981, the whole bureau continued to improve and upgrade product quality and carried out overall quality control, resulting in even higher product quality. The quality of 200 key products controlled by the ministry, municipality and bureau is being continuously improved. The annual rate of first class products was 71 percent in 1980 and 85 percent in 1981. In 1980, 22 products were listed as "top quality products" respectively by the ministry, municipality or bureau. In 1981, top quality products increased to 72 varieties, of which six were listed by the state, 15 by the municipality, 51 by the ministry. In this respect, the following measures were taken in the main:

1. Concentrating on the weak links of product quality and continuously organizing forces to surmount technical difficulties. For example, the "three leaks" and noise of machine tools were big and difficult problems existing in the machine tool building trade for a long time. Over the last 2 years, through continuous improvement, the noise of machine tools has been controlled and stabilized under 82 decibels. The "three leaks" have also been reduced to a large extent. In the past, due to loud noise, export volume of the bearing trade was fairly low. After adopting the process of extra precise abrading, 1.54 million sets of bearings were exported in 1981, 14 times more than in 1979.

2. In order to suit the needs in expanding export, quality standards of many products have been changed from domestic standards to international standards. For example, the surface printing of cables and wires and other products of the cable and wire trade have been notably improved in quality through technological innovation. The electric cable produced by the Shanghai electric cable plant has reached or approached the IEC standards.

3. Many enterprises have paid attention to both internal quality and outward appearance quality, not merely emphasizing production quality as in the past. In recent years, the machine tool trade has repeatedly overcome problems of improper fitting of components' joints and made efforts to improve painting quality. They have laid down standards for product cleanliness and other rules of processing, so as to improve the inner quality and outward appearance.

As regulation by market mechanism has played a role, the development of new products has shifted from the past practice that merely emphasized the completion of trial-production assignments laid down by the upper level's mandatory plans, to new measures that attach importance to market survey and developing readily marketable varieties. In 1981, old products being improved and new products being trial-produced totaled 566 items, of which, some were items controlled by the bureau and some were outside plans. Of controlled items, 69 were items concerning energy conservation and exploitation, 57 were items serving the technical transformation in light and textile industry and handicraft trades and items which can directly be supplied to the markets, 45 were items for export, and 85 were items serving technical transformation in other trades. There were also many new products beyond controlled items. For example, the No 8 Shanghai machine tool factory produced, in the past, out-of-date electrical processing machine tools which sold poorly. Thus, the enterprise met with financial troubles and could not pay wages to its workers. In recent years, this factory has devoted great efforts to improving quality and succeeded in trial-producing five types of new products. It helped customers to fix, regulate and use the machines on their own initiative and guided customers in mastering their operation and maintenance, thus gradually establishing a good reputation and opening markets for their products and changing long-term products into readily marketable products.

3. Strengthen Management, Raise the Level of Scientific Management, Actively Invigorate Production and Operation of Enterprises

In recent years, under the guidance of plans, regulation by market mechanism has played a great role and greatly helped enterprises to change their operation style, strengthen management and actively invigorate production and operation.

1. Establish a plan to serve customers, and change operation style. Many companies and enterprises in the bureau have set up a plan that all should proceed from serving the customers. Many facts show that whenever they clearly establish the idea of serving the customers and swiftly change their operation style, the enterprises are inevitably able to invigorate their production and operation and achieve a stronger competitive force and better economic results. The subsidiary machine plant of the Shanghai power station has laid down this operation rule. "Treat business affairs no matter whether they are big or small in the same way, handle them in the same manner no matter how much profits they will yield." As long as customers are in need of some spare parts or equipment, from springs and atomizers worth a few jiao or several yuan, to a condenser worth 2 million yuan, they were all glad to make and handle delivery by post for customers. Even for those products they did not produce themselves, so long as they received customers' letters, they helped contact the parties concerned and made sure whether these products were available. They hoped that friendly relations could be established even if no transactions had been made. Owing to the change of operational style, this factory has established a good reputation among their customers, and consolidated and enlarged the markets.

2. Conduct market surveys, strengthen market forecasts. In the last 2 years, many enterprises have applied the principles of scientific forecasting to carry out market surveys and market forecasts, and initially found out some new ways suited to their own characteristics.

First, through investigation into and forecasts on market demands, enterprises can clearly decide the development orientation of their products, and find out the quantities of products needed. For example, the electric hoists made by the Shanghai hoisting equipment factory have become a kind of product that is in excessive supply. But after investigating the stock in the material department, this factory knew that these hoists, though overstocked, still met a demand for hoists with a small hoisting capacity. They analyzed the specific demands of their potential customers and found out that there was still a great demand in light industry and commercial departments, though the demand in heavy industry had dropped. According to this analysis, they decided to develop those products with a capacity of less than 1 ton, thus opening up a wide market and increasing production. The gross output in 1981 was 8.3 percent over that in 1979 which was the highest level in the past. Second, through the investigation and analysis of the situation in one's own trade, one can decide the tactics in competition. For example, the Shanghai electric cable plant has investigated and analyzed the basic situation of its own trade in the whole country and proceeded from its own characteristics and technical conditions, and given play to its advantages while avoiding its disadvantages, to develop products with "one high, two deeps, three bigs." "One high" means that they developed mainly the electric cable for high voltage--over 500 kilovolts. "Two deeps" means that they mainly produced cables for deep exploration in petroleum industry and scientific research for national defense. "Three bigs" means cables with a big cross-section, big reference number and great length. Thus they have actively brought their advantages into play in the course of competition.

3. Actively develop diversification, expand the sphere of product utilization and service. In 1981, 64 backbone enterprises of this bureau which handled single products in the past and faced shortage of production assignments, while properly handling their main products, actively developed 94 kinds of secondary and tertiary products in line with their production capacity and equipment conditions. For example, while properly handling the production of equipment and spare parts for the petroleum industry, the Dalong machinery plant simultaneously produced 4,000 tons of machinery for rubber and plastics processing which accounted for 50 percent of the total output of this factory. While properly handling the production of chemical equipment, the Shanghai chemical machinery plant also produced 1,300 tons of machinery for processing drinks which accounted for 60 percent of its total output. The Shanghai machine tool factory and No 10 machine tool factory actively developed varied products and provided light industry with highly efficient specialized equipment. Through developing secondary and tertiary products, varied products and changing from single production to diversified production, these enterprises have not only solved the contradiction of insufficient assignments, but also have given play to their roles of being expert in one thing and good at many, and thus enhancing the adaptability of the enterprises. Moreover, many enterprises also actively handled business with flexible and diversified measures, such as product leasing, exchanging new for old, offering repairs, conducting processing cooperation and offering social service. Thus they can make full use of their surplus capacity, extend the sphere of service, increase income and improve economic results. For example, the Shanghai automobile plant undertook the business of renewing old cars at a charge of 6,000 yuan per car. This practice has been welcomed by customers and brought 2 million yuan of income in a year for this factory.

4. Strengthen technical service, try all means to make things convenient for the people. Companies and factories have taken the following measures:
1. Often visit the customers, promptly help them solve problems.
2. Regularize technical training. Many units held all kinds of training classes by means of inviting customers in or going out to the customers, to introduce the properties and characteristics of their products, and methods of utilization and maintenance. They thus trained a technical force in operation and maintenance fur customers. 3. Set up repair networks. Many enterprises set up service centers and special repair shops in the areas where a fair amount of products are concentrated to promptly supply customers with spare parts and repair services. By the end of 1981, 42 enterprises of this bureau had set up 158 repair shops in 20 major

provinces and cities. 4. Form a system of mobile checking and repair. The trades making elevators, refrigerators, valves and electric motors have organized special service teams, to give regular on-the-spot service to customers, and check and repair products for them.

5. Launch activities of value projects, continuously lower production cost. As the makeup of products has changed, product assignments with high output value and profits have reduced to a large extent, while product assignments with low output value and profits have greatly increased, adding to the price rise in raw materials. All this has resulted in a rise in enterprises' overheads and a drop in profits. In order to attain the target of increasing output and income, it is imperative to devote great efforts to reducing cost. At present, more than 50 enterprises of this bureau have achieved good results in lowering cost, increasing profits and strengthening competitive force. The Shanghai machine tool factory realized 22 value projects in 1980 thus lowering costs by 250,000 yuan; they realized another 24 projects in 1981 thus lowering costs by 210,000 yuan.

6. Strengthen production management, shorten production cycles. When mechanical and electrical products enter the market as commodities, customers like to buy them as soon as they need them and they require to be supplied with goods on hand or hope that goods can be delivered promptly. Whether a producing enterprise can deliver goods in accordance with the customers' requirements is also one of the keys to enhancing competitive force. In order to win markets, enterprises must change the old methods of organizing production, so as to strengthen production management and find ways of shortening production cycles. In the last 2 years, a number of enterprises in this bureau have applied scientific management methods, such as the network technique and rolling planning, to closely combine production, technology and management and effectively shorten production cycles. For those products urgently needed by customers at short notice, they have adopted flexible plans to cut down the normal production period, so as to achieve more contracts. Besides using the network technique and rolling planning, the Shanghai machine tool factory and the Shanghai electric cable plant also organized a "speedy force" specially to tackle problems in design, processing technology and manufacturing of the whole factory in line with the demands of key projects and urgent tasks, so as to try all means to reduce the production cycle.

7. Dredge channels of marketing, establish wide networks of agencies, perfect marketing system and strengthen the ranks of sales personnel at all levels. At present, there are mainly three channels of marketing: First, large and key equipment needed in the state's key projects is designed by research institutes in the light of requirements, then whole-set companies effect orders. Second, the second category of electrical products and a part of general and standard products are handled by material departments. Third, orders for scattered products used for construction, technical measures, maintenance and cooperation are generally placed directly by customers. In accordance with these conditions, we have actively developed various forms of integration over the last 2 years, thus further dredging channels of marketing and expanding markets. We must: 1. Establish

fixed cooperative relations with 95 research institutes on the design and manufacture of mechanical and electrical products. Establish cooperative relations of integrated supply with the whole-set companies in three provinces and cities. Many companies and factories have also associated themselves directly with whole-set companies, and mechanical and electrical equipment companies in some areas. 2. Subordinate companies of this bureau have established fixed supply cooperation and agency relations with mechanical and electrical equipment companies and other counterparts in other areas and cities.

In order to invigorate business, necessary readjustment and strengthening have been carried out. By the end of 1981, the whole bureau had set up 27 sales departments and service centers with 1,008 specialized personnel. Meanwhile, we also pay attention to professional training and improving the professional level of sales personnel. This bureau has opened sales management classes as in the branch school of Shanghai Communications University and in the Shanghai College of Mechanical and Electrical Industry, to train sales personnel.

CSO: 4006/469

FINANCE AND BANKING

BRIEFS

HUBEI TAXATION WORK MEETING--The Hubei provincial taxation work meeting closed on 14 May. In accordance with the State Council documents and the spirit of national taxation meeting, the meeting decided to adjust tax rates for commune and brigade run enterprises in rural areas. Taxation on production of cigarettes, sugar, wine, watches and another 16 items has been raised and enterprises which use oil as fuel will have to pay an additional tax for oil consumption. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 14 May 82 HK]

HAINAN TAX POLICIES INSPECTION--The Han area in Hainan has launched a large-scale inspection on implementation of tax policies. In the first 4 months of this year, some 610,000 yuan of evaded tax payment was recovered. Taxation departments at all levels in Hainan have also carried out analysis of problems found during the inspection and helped relevant units to solve them. Regarding serious economic crimes, they have reported promptly to departments concerned so that appropriate actions would be taken against the criminals. [Haikou Hainan Island Service in Mandarin 0330 GMT 17 May 82 HK]

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BRIEFS

SHANGHAI BAOSHAN STEEL PROJECT--After 3 years, the first phase of construction of the Baoshan Iron and Steel Project is making good progress. As of 20 May, 53 percent of the first phase of the construction project was completed and one-third of the equipment was installed. The loading and unloading wharf, the energy center, the Baoshan steel transformer substation and the central transformer station are ready for operation. The principal part of the project is proceeding fairly well. Over 30,000 steel piles have been driven into the construction site and over 1.4 million cubic meters of cement have been used for building the foundation. Ninety-five percent of the imported equipment has arrived at the construction site. Framework construction of the factory building and the installation of equipment are now in full swing. [Shanghai City Service in Mandarin 2300 GMT 24 May 82 OW]

CSO: 4006/473

DOMESTIC TRADE

BRIEFS

HUNAN ECONOMIC CRIMES--The Hunan Provincial Commerce Department and the Provincial Grain Department has respectively made arrangements and demanded that all commercial and grain departments throughout the province regard exposing and dealing with unlawful deeds of speculating in the course of buying and selling pigs as an important content of striking blows at the criminal activities in the economic field. In the course of buying and selling pigs, the meant purchasing and selling stations in some places and some rural communes and brigades in the province have seriously violated laws and discipline, speculated and practiced fraud. This has caused losses to the state but also hindered the fulfillment of the quotas for the assigned procurement of pigs. On discovering this problem, leaders of the provincial government have attached great importance to this and conducted analysis and study many times. They have demanded that all places resolutely curb this unhealthy trend. In accordance with the requirements of the provincial government, the provincial commerce department has recently formulated specific regulations. Responsible comrades of commerce bureaus at all levels must personally organize forces to investigate and deal with the deeds of speculation within this year. [HK010557 Changsha Hunan Provincial Service in Mandarin 1100 GMT 29 May 82]

CSO: 4006/473

LABOR AND WAGES

BRIEFS

YUNNAN TRADE UNION MEETING--Recently, the Fifth Yunnan Provincial Federation of Trade Unions held its 5th enlarged Standing Committee meeting on learning from and catching up with the progressives. The meeting urged all leaders of the trade unions to take the lead in learning from progressives. Li Xinwang, deputy secretary of the Yunnan provincial CCP Committee, gave a speech at the meeting. He stressed that it is necessary to solve three problems in launching the mass campaign of learning from progressives. First, party and government leading organs and mass organizations must enthusiastically support the progressives; second, it is necessary to make strong public propaganda on learning from progressives; and third, CCP committees at all levels must strengthen leadership and attach importance to the education and training of progressives. Li Xingwang also stressed that trade unions at all levels must strengthen education of workers. [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 24 May 82 HK]

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GENERAL

'JINGJI GUANLI' ON EQUIPMENT FOR NATIONAL ECONOMY

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[Article by Rao Bin [7437 2430]: "Provide Technical Equipment for Different Departments of the National Economy to Raise Economic Results"]

[Text] The year 1981 was a difficult year for the First Ministry of Machine Building. Through the combined efforts of the 3 million staff members and workers, they expanded the sphere of service, changed the structure of products, increased the variety of products, raised their adaptability and made big strides forward in implementing the eight-character policy. Although what they have done in this respect is not so great, they have embarked on a new road.

Viewed from the angle of production tasks, by 1981 we had already put our difficulties in order and begun to advance step-by-step. Although the problem of the shortage of tasks has not been solved, we can ascertain that there are many ways to enliven the machine building industry and that the machine building industry can display its role fully. We are confident that we can make greater progress this year.

The six targets to be achieved by the first machine building industry in 1982 are as follows: 1. On the basis that goods are marketable and their quality is constantly raised, we must acquire speed, plan to increase the total output value by 5 percent and raise labor productivity by 2-3 percent. 2. We must try in every possible way to increase income and reduce expenses. The increase in profits should be 4-6 percent, production costs should be reduced by 1 percent and the output value of each 100 yuan in the circulating fund reduced by 3 percent. 3. According to the needs of the society, we will develop 1,800 kinds of new products, of which 500 will be planned by the First Ministry of Machine Building. 4. We must raise the quality of products, produce superior quality and famous brand products and strive to obtain state quality awards for 25 kinds of products and the ministry's "reliable product" prizes for 200 products. 5. We must increase the export of machine and electrical products by 22 percent and reduce foreign trade stocks by 100 million yuan. 6. We must raise the economic returns from investment in capital construction, place 80 percent of the investment into fixed assets the same year the investment is made and keep the project completion rate at least at 40 percent.

There is much to do in the machine building industry. What is the central task? In his "report on the work of the government," Comrade Zhao Ziyang repeatedly emphasized that raising economic results was the "central question" and that it was the "fundamental starting point" for considering all economic problems. The machine building industry provides technical equipment to various departments of the national economy. On the one hand, we are required to energetically raise the economic results of the machine building industry itself, while on the other hand, and more importantly, we should raise the quality of products, increase their variety and enhance their level to create conditions for raising economic results in various departments of the national economy. This is the principal contradiction to be solved in the course of regaining the initiative. It is also the central question of the machine building industry. Of course, this is not a question that can be solved within 1 or 2 years. But, from now on we must carry out our work by centering on this core question.

In 1982, we must fulfill the six main tasks by concentrating on the improvement of the quality of products, the development of the variety of products, the enhancement of the level of products and the raising of the economic effect of the machine building industry itself.

First, we must expand the sphere of service, raise the adaptability of enterprises and develop the production of multi-variety products.

The expansion of the sphere of service has been carried out for more than 2 years, and it has achieved certain success. However, it is only the beginning and must be continued. According to the present specific conditions, we must study the following two problems: First, is how to expand the sphere of service in depth, and second, how to strengthen the organizational, planning and leadership work. We think that it is high time we put forward and solved these problems.

How should we expand the sphere of service in depth? The Wuxi machine tool factory has carried out a correct orientation. A sewing machine factory in Shanghai, while carrying out technical innovations, sent four technicians to this factory, and together, they analyzed the machining technology of 72 spare parts for sewing machines one by one and proposed the adoption of a new technology of cut-in type centerless grinding. Using this new technology, they designed seven models of special grinders. According to caculations, by using nine such special grinders, we can fulfill the workload which originally took 81 circular grinders to accomplish. This can save an investment of 700,000 yuan and reduce operating personnel by 69 persons. What is valuable in their experience is that they not only know well the needs of the customers, but also can help them analyze how to improve the technology of operation. They must not only manufacture what is needed by the customers, but also help them to develop ideas and act as their advisers. We think that the machine building industry should operate this way so that the economic results of the customers and the machine building industry itself can be raised.

How should we strengthen the organizational, planning and leadership work of expanding the sphere of service? We should take five measures: 1. We must concentrate our efforts on raising the adaptability of the enterprises.

Only by raising the adaptability to the requirements of the customers and the market, expanding the sphere of service and developing the production of multi-variety products, can we have a solid foundation and backing. 2. To clarify the purpose of expanding the sphere of service, we must first develop the production of serialized multi-variety products in the original direction. Furthermore, we must develop the production of multi-variety products which are outside the series according to the four principles of similarity in structure, closeness in technology, the bringing into full play of technical characteristics, and the utilization of the superiority of the present technology and equipment. It will not do just to limit ourselves to the production of products in their original direction, nor will it do to develop production as we please. 3. With regard to new products that have developed during the expansion of the sphere of service, the following three things must be done: Some customers must be organized for their evaluation and appraisal of products in order to finalize the design; products that are technically up to standard must be catalogued; the orientation of enterprises' products must be put on the right course and selected production units must be fixed under unified planning. On the one hand, by handling these three things well we can show that we ascertain the achievements of enterprises. On the other hand, we can assure our customers that we will continue with our production for a long time and that we will not drop our customers. 4. In the course of the expansion of the sphere of service, we must develop in a planned way set equipment and technically difficult products. In particular, we must pay attention to organizing designers so that they can avoid duplicating the design of products. 5. We must establish an examination and approval system. The production of new products with capacity and investment that exceed a set amount must be submitted for approval.

Second, we must strengthen our planning and adhere to the principle of relying mainly on a planned economy while making the regulation by market mechanism subsidiary.

Comrade Chen Yun has emphasized repeatedly that we must adhere to the principle of relying mainly on a planned economy while making regulation by market mechanism subsidiary. In light of the specific conditions of the First Ministry of Machine Building, our general idea is that we must adhere to the principle of a planned economy and that we must not return to the old road of "three reliances." We must adopt various forms to bring the economic activities of enterprises into the orbit of the state's unified plan.

We must first do a good job in our long-term planning. We think that to adhere to the principle of a planned economy the most important thing is to have long-term development planning that can guide the whole situation. With such development planning, we can principally guarantee the proportionate development of the national economy and give a positive role to a planned economy. Only with such development planning can the economic activities of enterprises have a basis, and can various planning methods that include administrative interference and economic levers correctly play their role. We believe that whether we have carried out the principle of relying mainly on a planned economy is principally judged by whether we have scientific long-term planning. The State Council has made a strategic plan concerning the "sixth 5-year" plan and the "seventh 5-year" supposition. We must energetically do a good job in this respect. This is the most important step in implementing Comrade Chen Yun's instruction.

In addition, to guarantee the realization of various requirements of our long-term planning, on the one hand, we must appropriately expand the sphere to compulsory plans, while, on the other hand, we must use various indirect planning methods with regard to the products of various sizes and designs and that are arranged by enterprises in line with the market changes so that we can suit them to the requirements of the state plan.

How should we expand the sphere of compulsory plans? In the spirit of Comrade Zhao Ziyang's "report on the work of the government," we must adopt the following two measures: 1. Orders for 40 kinds of large-sized equipment and 3 kinds of general products will be placed by the ministry, and the production of these products will be arranged in enterprises through compulsory plans. 2. Machine building departments are required to undertake, on a contract basis, the state's key construction projects and key technical innovation projects. These projects will be arranged in the enterprises concerned through compulsory plans.

Besides those products whose production is arranged through compulsory plans, there are many machinery and electrical products of various sizes and designs. It is not necessary and impossible for the state to make compulsory plans. The production of these products has to be arranged by enterprises in line with market changes and in accordance with the needs of the customers. This has been the case for several years, and it has played a positive role in improving the management of enterprises and in developing new products and reforming old products according to the needs of the society. A typical example is the Wuxi machine tool factory. This must be continued in the days to come. But, in accordance with the principle of adhering to a planned economy, we cannot ignore the production and operational activities of these products. We must bring them into the orbit of the state plan by various indirect planning methods. In the past our work in this respect was not ideal, and some people even acted blindly. This situation must be energetically improved. According to our preliminary practical experience in the past 2 years, we can summarize the following seven methods: 1) Fixing instructive planning indices; 2) carrying out planned investigation and opening up the latent market; 3) carrying out planned instructions in coordination with banks' credit; 4) using economic levers such as prices and taxation to carry out readjustment and instructions; 5) carrying out instructions through economic laws, and issuing production licenses is an attempt in this respect; 6) carrying out planned instructions through organized coordination; and 7) implementing guidance through advance planning. The above seven methods are not the entire forms of indirect plans. They are only what we have done in our preliminary experience, and must be consummated in practice.

In the past few years, some work in this respect has been carried out in some places and certain results have been achieved. Take for example the Shanghai No 1 Mechanical and Electrical Bureau. Through market investigation and analysis, it gives instructions to enterprises as to what products they should develop and how much they should invest in the production of these products. Through organizing coordination, it combines the enterprises that "have too much to eat" with the enterprises that "do not have enough to eat" in producing products that are in short supply. Acting in coordination with banks and by issuing credit, it provides assistance for products that have to be developed. These methods have played a certain role in planning and issuing instructions. Facts have proved that these indirect methods and means are not only necessary but also effective. The problem is that we must conscientiously and systematically apply them. Third, we must carry out technical innovations step-by-step with regard to key enterprises.

We have been talking about technical innovations for many years. The problem now is how to go into action.

We must act but we must not act disorderly. Therefore, we must first know well the relevant principles to be implemented in technical innovations. These principles are mainly as follows: We must take the raising of economic benefits as our target and pay special attention to raising the economic benefits of the society, to raising long-term economic results and to raising social benefits. We must start from products and solve the problem of quality, variety and level in light of specific conditions. We must place the principal, the subsidiary and the coordinated under unified planning and reform them in a systematic way. We must have both general planning and planning for each specific trade and region. Key factories must work out their plans for developing the "three-in-one generation" [san ge yi dai 0005 0020 0001 0180] products. Technical innovations must be carried out according to objective necessities, in a selected manner and by emphasizing key points. We must not carry out overall technical innovations or push them forward simultaneously. If we do so, we will be replacing technical innovations with production tasks. We must fix the specific contents of technical innovations according to the needs for the production of advanced and suitable products. We must not carry out an overall reform of an entire factory. We must, in the way we collect treasures, transplant through trial-production new arts, new technology and new materials that have emerged in our country into technical innovation projects and into factories and enterprises. The importation of technology and scientific research work must be carried out in line with the needs for technical innovations. Reform and reorganization must be carried out under overall consideration and unified planning.

How should we carry out technical transformation? The Shanghai Yuejin electrical machinery plant has provided successful experience. They have signed an agreement with the BBC Company of West Germany concerning the joint production of small electrical machinery. The sample machine provided by West Germany is up to the standard of the International Electrical Engineering Association. Its technical requirements are higher than those of the old products of the Yuejin factory. In order to produce products that are up to requirements, they have not carried out overall transformation in the entire enterprise. They have supplemented what is lacking. They have only transformed some parts of their technological equipment, added some test equipment and improved their check-up system. They have given professional training to their technical personnel and quality controllers. As a result, they have raised the quality of their enterprise and produced a comparatively high level of products. In the beginning, the Yuejin factory produced low-quality small electrical machinery, and the quality was so low that many foreign businessmen had to return large quantities of goods. Now they check their products by selecting samples, and all the machinery is up to standard. From the experience of the Yuejin factory, we now know clearly that we must work out our plans for technical transformation in order of social needs--products--contents of transformation.

In the light of the present actual needs and by centering on the following eight aspects, we will select a group of projects for carrying out technical transformation: (1) transforming some factories by centering on the enhancement of the precision of their machine tools; (2) transforming some factories by centering on the enhancement of the reliability and durability of their basic equipment; (3) transforming the production line of some factories by centering on the development of energy-saving products; (4) transforming some specialized factories by centering on the coordination among specialized units in 12 key cities that deal in four kinds of technological designs; (5) transforming some factories by centering on the expansion of exports; (6) transforming some factories by centering on the digestion, mastery and investment in imported technology; (7) transforming some factories by centering on the use of large-scale sets of equipment for offshore oil drilling; (8) transforming some factories by centering on the development of series of heavy-duty military and civilian trucks. This technical transformation is not to be carried out wholesale in all the factories. It is to be carried out according to the actual needs for producing high-level products in the way of supplementing what is lacking.

The funds for technical transformation have a direct bearing on whether we can go into action. Financial allocation by the state is limited. Our guiding principle consists of three sentences: We must solve our own problems by various means; we must tap our internal potentials; we must not rely on funds allocated by the state, but we must fully utilize loans.

It is not enough just to rely on good wishes in carrying out technical transformation and producing advanced and suitable mechanical and electrical products. We must strengthen our scientific and technological work in a down-to-earth manner. Our guiding principle is as follows: Stimulating the machine-building industry, we must be advanced in science and technology, bear the customers and market in mind, start with scientific and technological work and pay enough attention to economic effect.

Fourth, we must rectify our enterprises step by step and in a planned way.

In the spirit of the relevant documents issued by the party Central Committee, the plans for rectifying our enterprises are as follows: We must develop in an all-round way the self-rectification of enterprises, while management departments are to give assistance to key units. The ministry and various specialized bureaus will organize investigating groups to stay in the following six selected units to help with the rectification: The Harbin electrical machinery plant, the No 1 car factory, the Jinan No 2 machine tool plant, the Luoyang mining machinery plant, the Shenyang blasting factory and the Guiyang Instrument and Meter Company.

The pace of progress requires the following: The first group of enterprises selected by the ministry and bureaus and by the provincial and municipal authorities for rectification should complete their reorganization in five aspects within about a year, and they should build themselves into six good enterprises in another year.

How should we carry out well these five aspects of reorganization: Many enterprises have provided good experience in this respect. Take for example the economic responsibility system. The experience of the Harbin electric meter instrument plant is as follows: They carry out overall economic accounting on the basis of completing the basic work such as arranging well various quotas and original vouchers. They implement the economic responsibility system on the basis of economic accounting. This is a correct approach. The purpose of implementing the economic responsibility system is to eliminate egalitarianism and the problem of eating out of a big pot and to carry out the principle of distribution according to work. The prerequisite for the principle of distribution according to work is an accurate calculation of labor contribution. Therefore, we must carry out economic accounting. And the prerequisite for an accurate calculation is original data. Therefore, we must complete the basic work of arranging quotas and vouchers. But some enterprises have acted contrary to this. They are overanxious about implementing the economic responsibility system while their basic work is weak and their accounting work has not embarked on the correct road. As a result, because of the lack of objective and accurate data, not only has the problem of egalitarianism not been eliminated, but the phenomena of more gains without more labor and more labor without more gains have emerged.

Rectifying labor organization and training is a comparatively difficult task, and something that cannot be shirked. According to the requirements of production and the present status of its staff and workers, the Harbin boiler plant has divided the staff and workers into three groups: 4,000 staff and workers have remained at their production posts and have 6 hours of technical study a week; 500 young workers who have been in the plant for nearly 2 years are being released from work for 1 year's training; 500 redundant workers have been assigned the job of building dormitories, controlling pollution and planting trees in and around the factory. They work while there is work and study while there is no work. Furthermore, the plant runs various study courses to train its 500 technicians and management cadres. Their main experience is as follows: The leading group has a profound understanding of the importance of the education of the staff and workers. They are resolute in carrying out such education and are willing to devote great efforts to it; they have transferred more than 10 middle-ranking cadres and grade-4 old workers to be heads of the study courses and more than 40 engineers, technicians and old workers to teach the study courses, and have turned some offices and conference rooms into classrooms; workers are divided into various groups according to their examination marks, and emphasis is laid on actual results but not on formality; they give prominence to the study of discipline and to examinations. Strict examinations are carried out every month, in the middle of a term and when completing a course. This experience has universal significance.

Fifth, concerning the raising of product quality.

Raising the quality of products is closely related to the rectification of enterprises and to technical transformation. They must be carried out together. Hereby the question of quality is raised independently so that it can receive special attention.

With regard to raising the quality of products, we must stress the following two problems: 1. Overall quality control must be developed from examplary units on an extensive scale. To guarantee the stability of product quality, state enterprises belonging to the First Ministry of Machine-Building are required to implement overall quality control within 2 to 3 years. 2. International standards must be adopted step by step so as to solve the question of further raising product quality. Requirements must be made clear: The major functions of products that will be awarded with gold prizes or silver prizes or of products that will be classified as reliable must be in principle that they are up to international standards.

Practice has proved that an overall quality control is a scientific method for guaranteeing the stability and improvement of the quality of products. Some comrades do not fully understand this point, or they do not implement the principle energetically, and only regard it as a formality. Thus the efficiency is low. In order to solve these problems, the experience of the No 2 car factory is worth mentioning. In November 1978 they began to implement overall quality control. In the past 3 years, the up-to-standard rate in spot checks on various completed vehicles has been maintained at 100 percent. The up-to-standard rate of one-time assembly completed cars has been going up year by year, and in 1981, it reached 92 percent. The quality and reliability of products has been greatly improved. In 1981, oil consumption by completed cars dropped by 10 percent as compared to 1980. Their experience is as follows: Major leading cadres at various levels personally took charge of the factory's work and regularly educated the workers. They combined scientific methods with traditional ones, and have created new forms and methods in quality control that are suited to their own specific conditions and that satisfy the masses. For instance, they combine traditional methods such as the "three-check system," the responsibility system, the three-in-one shock team, workers' participation in management and rationalization proposals with the statistics of low quality products being pointed out in the overall quality control, the establishing of standards for work quality and the activities of quality control groups. This is easily accepted by the masses. They have combined overall quality control with the responsibility system. They have developed the control of machining procedures into quality control of the 10-odd types of on-the-spot working procedures; casting, welding, punching, electroplating, painting and assembling. They have implemented quality control in manufacturing as well as in the whole process of production. That is, they have implemented overall quality control in product research development as well as in marketing services. They have had a firm grip on this work for 3 years, and have achieved remarkable success.

Sixth, we must strengthen ideological and political work, and build spiritual civilization.

Strengthening ideological and political work is an important guarantee for successfully completing the various tasks in 1982. The crux is that we must devote our efforts to raising the effects of ideological and political work. In this respect, the experience of the Shanghai high pressure oil pump factory is worth emphasizing. They do not raise a hue and cry or indulge in formalism. But they study the laws governing human ideological activities and carry out ideological and political work according to these laws. By setting a good example themselves, leading cadres and party members have heightened the prestige of the party and strengthened the leadership of the party. They understand well the ideological trends of the masses and care for the people's livelihood. They have linked together the cause of the party, the future of enterprises and the interests of the masses. Thus the staff and workers fell that they are the masters of the enterprises and are willing to develop the sense of being the masters of enterprises. They also use vivid methods to carry out ideological education and make ideological work strike a chord in the heart of every staff member and worker and in every family. Excellent results have been achieved.

Relying on the masses and carrying out democratic management are the key links for giving full play to the initiative of the staff and workers and for completing various tasks. The experience of the Beijing Machine-Building Bureau has proved that the most important thing in carrying out democratic management is raising the ideological understanding of leading cadres. Starting from the leading cadres' understanding of democratic management, they have clearly defined the "four fundamentals": Building a political system of democratic centralism is one of the fundamental tasks of socialist revolution; democratic management is one of the fundamental systems of socialist enterprises; the working masses being the masters of enterprises is one of the fundamental differences between socialist and capitalist enterprises; everything for the masses and everything relying on the masses is the fundamental line of our party. In this way, democratic management of enterprises has been raised to a new level.

Large numbers of arduous tasks in 1982 are waiting to be carried out. We must enhance our revolutionary vigor and bring our revolutionary drive into fuller play to achieve new victories.

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TITLE: "Research on the Regional Economic Development Plan of Changjiang Delta"

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ABSTRACT: Changjiang delta includes, generally speaking, the area from Nanjing and Zhenjiang in the west, along both banks of Changjiang, to the edge of the sea in the east. It contains the 2 plains of North Jiangsu and the lake plain of Hangzhou and Jiaxing, to encompass an area of about 4-5 thousand km^2. It is China's largest estuarial delta, as well as one of the few great alluvial plains of the world. Weather-wise, it belongs to the subtropical zone and is affected by the monsoons of the temperate zone and the tropical typhoons as well. Due to its superior geographical location and natural conditions, it has long been China's land of plenty. Following a systematic discussion of its regional advantages, the paper lists its shortcomings as follows: (1) Deficiency of resources [mineral ?] and energy; (2) Overpopulation; (3) Excessively large cities; (4) Subsidence of ground surface; (5) Increasingly serious problems of environmental pollution; (6) Floods easily caused by over abundance of rainfall from late spring to early summer; (6) Outdated political divisions, established several hundred years ago in the Ming Dynasty. At

[continuation of ZIRAN ZAZHI Vol 5 No 2, 1982 pp 83-86]

present, there is no overall development planning for the delta and there is no reasonable arrangement of industrial production. The cities of Nanjing, Zhenjiang, Changzhou, Wuxi, Suzhou, and Shanghai form independent jurisdictions. Each city has its own watch factory, bicycle factory, chemical factory, etc. and many of these have very low production level to result in considerable waste of energy and materials. The lack of overall authority and planning also causes industrial pollution to be impossible to control. The authors believe that regional divisions on the basis of geographical locations, natural and energy resources, and industrial production are definitely better for the economic development of the region than the current administrative divisions. As early as the Tang Dynasty, the region was administered as a giant Jiangnan Dao. If this system is restored, much more may be accomplished for the overall economic development of the region. The first important subject before future formulation of a Changjiang Delta Economic Development Plan should, therefore, be readjusting the administrative divisions and replacing it with a natural and economic regionalization scheme.

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